

Section IX

UTILITY FUNDS

PURPOSE AND KEY REVENUE ASSUMPTIONS AND TRENDS

Utility Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. Such funds are to be financed or recovered primarily through user charges.

Steep Bank/Flat Bank WWTP Operational Fund is used to account for user fees collected from six (6) municipal utility districts in the Steep Bank/Flat Bank regional and the operation of same regional waste water plant.

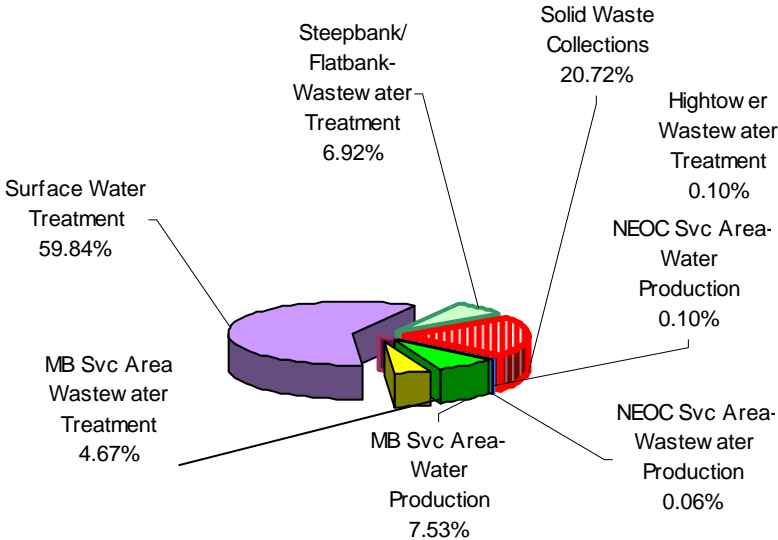
The Solid Waste Collections Fund is used to account for user fees and expenses related to the City's garbage collection activities.

The Utility Fund is used to account for the provision of water and wastewater services to the citizens of the City of Missouri City who are not serviced by one of the nineteen (19) municipal utility districts (MUDs) within the City limits. The two main areas included at this time in the Water/Wastewater Fund are Northeast Oyster Creek (NEOC) Service area and the Mustang Bayou (MB) Service area for both water and wastewater treatment, and wastewater treatment for the Hightower High School.

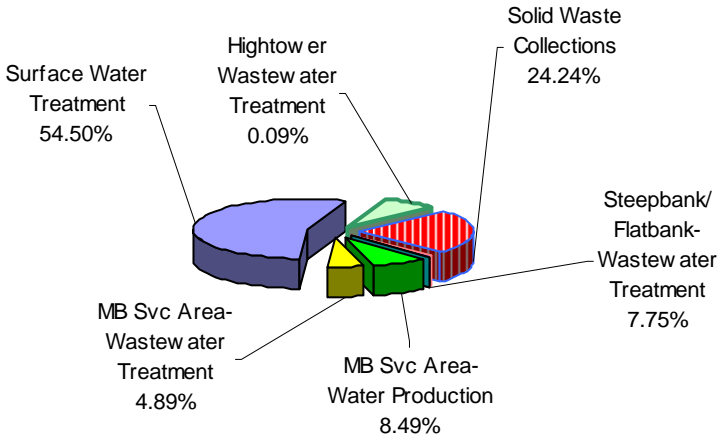
The Surface Water Fund is currently being used to account the collection of groundwater reduction pumpage fees which will be used to operate the surface water plant (which is currently in the design phase) that the City is building to be used by twenty-three (23) of the municipal utility districts in the area. All activities necessary to provide such services are accounted for in these funds, including administration, operations, maintenance, financing, debt service, billing and collection.

Enterprise funds are required to capitalize all their assets including infrastructure and record depreciation expense. Under GAAP requirements, annual capital budgets are not required, but City Charter requires annual budgets be adopted for all funds.

REVENUES AND RESOURCES BY FUND
\$13,667,521



EXPENDITURES BY FUND
\$12,011,105



===== **FY 2014 ANNUAL BUDGET** =====

UTILITY FUNDS SUMMARY
SUMMARY OF REVENUES, EXPENDITURES AND
CHANGES IN CASH & CASH EQUIVALENTS

	FY 2012 <u>Actual</u>	FY 2013 <u>Orig. Budget</u>	FY 2013 <u>Budget</u>	FY 2013 <u>Estimate</u>	FY 2014 <u>Budget</u>
OPERATING REVENUE					
506-50-510 Steepbank/Flatbank-Wastewater Treatment	1,014,781	870,834	870,834	817,620	928,864
580-55-560 Solid Waste Collections	2,528,098	2,654,320	2,654,320	2,822,703	2,830,000
505-50-502 Hightower Wastewater Treatment	7,219	6,976	6,976	3,524	11,241
505-50-504 NE Oyster Creek Service Area-Water Production	16,280	16,200	16,200	14,830	14,550
505-50-505 NE Oyster Creek Service Area-Wastewater Treatment	10,433	10,700	10,700	11,500	11,960
505-50-506 Mustang Bayou Service Area-Water Production	670,309	540,025	540,025	963,750	1,026,625
505-50-507 Mustang Bayou Service Area-Wastewater Treatment	484,109	588,068	588,068	577,858	588,370
540-53-530 Surface Water Treatment	7,315,810	9,653,500	9,653,500	7,332,438	8,124,000
Total Operating Revenue	12,047,039	14,340,623	14,340,623	12,544,223	13,535,610
OPERATING EXPENSES					
506-50-510 Steepbank/Flatbank-Wastewater Treatment	902,408	872,834	872,834	819,751	930,864
580-55-560 Solid Waste Collections	2,522,659	2,586,000	2,586,000	2,904,152	2,912,000
505-50-502 Hightower Wastewater Treatment	8,055	6,976	6,976	9,885	11,241
505-50-504 NE Oyster Creek Service Area-Water Production	18,770	0	0	2	7
505-50-505 NE Oyster Creek Service Area-Wastewater Treatment	275,832	6,187	6,187	0	6,934
505-50-506 Mustang Bayou Service Area-Water Production	423,424	522,261	522,261	666,721	1,018,544
505-50-507 Mustang Bayou Service Area-Wastewater Treatment	351,142	304,818	304,818	561,744	583,359
540-53-530 Surface Water Treatment	1,849,714	3,212,315	3,250,130	2,272,945	2,968,055
Total Operating Expenses	6,352,004	7,511,391	7,549,206	7,235,200	8,431,004
OPERATING INCOME	5,695,035	6,829,232	6,791,417	5,309,023	5,104,606
NON-OPERATING REVENUE/(EXPENSES)					
49000 Interest Income	80,013	110,320	110,320	59,608	69,000
505-50-500 53055 Miscellaneous	(81)	0	0	0	0
506-50-510 49102 Sale of Salvage	9,020	0	0	0	0
540-53-530 65001 Paying Agent Fees	(500)	(500)	(500)	(500)	(500)
540-53-530 65002 Issuance Expense	(4,804)	0	0	0	0
540-53-530 54013 Contingency - Surface Water Treatment Plant	0	(79,947)	(79,947)	0	0
506-50-510 48127 O & M Reserve Inc/(Dec)-Steepbank/Flatbank Plant	10,907	4,657	4,657	4,687	14,508
505-50-506 48127 O & M Reserve Inc/(Dec)-Mustang Bayou Water Plant	61,656	0	0	6,188	0
505-50-507 48127 O & M Reserve Inc/(Dec)-Mustang Bayou WWTP Plant	69,443	(6,300)	(6,300)	4,058	48,403
505-50-506 54052 Missouri City Share O&M Reserve-Water	(24,186)	0	0	(31,150)	0
505-50-507 54052 Missouri City Share O&M Reserve-WW	(24,348)	0	0	(36,243)	0
540-53-530 48303 Contribution-Non Cash	300	0	0	0	0
540-53-530 90001 Transfer to Fund 101	(150,000)	(150,000)	(150,000)	(210,749)	(269,011)
Bond/CO Interest Expense	(3,618,274)	(3,641,434)	(3,641,434)	(3,641,434)	(3,644,170)
Total Non-Operating Revenue/(Expenses)	(3,590,854)	(3,763,205)	(3,763,205)	(3,845,535)	(3,781,770)
NET INCOME	2,104,181	3,066,028	3,028,213	1,463,488	1,322,836
Total Cash and Cash Equivalents - Beginning	2,399,660	5,456,934	4,464,836	4,464,836	6,322,010
DESIGNATED FUND BALANCE-RESERVES	(39,005)	(218,208)	(218,208)	(393,686)	552,480
Total Cash and Cash Equivalents - Ending	4,464,836	8,599,166	7,782,805	6,322,010	8,197,326

===== **CITY OF MISSOURI CITY** =====

**SUMMARY OF REVENUES, EXPENDITURES AND
CHANGES IN NET ASSETS
STEEP BANK/FLAT BANK REGIONAL WASTEWATER FUND**

	FUND 506-50-510				
	FY 2012	FY 2013	FY 2013	FY 2013	FY 2016
	<u>Actual</u>	<u>Orig Budget</u>	<u>Budget</u>	<u>Estimate</u>	<u>Budget</u>
OPERATING REVENUE					
48111 Services Charged	<u>1,014,781</u>	<u>870,834</u>	<u>870,834</u>	<u>817,620</u>	<u>928,864</u>
Total Operating Revenue	1,014,781	870,834	870,834	817,620	928,864
NON-OPERATING REVENUE/(EXPENSES)					
48127 O&M Reserve Increase/(Decrease)	10,907	4,657	4,657	4,687	14,508
49000 Interest Earnings	1,574	2,000	2,000	2,100	2,000
49102 Sale of Salvage	9,020	0	0	0	0
49600 Other Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Non-Operating Revenue	21,501	6,657	6,657	6,787	16,508
 Total Revenues and Resources	 1,036,282	 877,491	 877,491	 824,407	 945,372
OPERATING EXPENSES					
53002 Insurance	14,185	16,578	16,578	11,203	12,664
53004 Special Services & Legal	127,385	90,000	90,000	130,959	115,000
53008 Telephone	2,581	2,364	2,364	3,200	4,200
53037 Electric Utilities	288,368	281,642	281,642	273,900	290,400
53041 Water Utilities	841	0	0	220	250
53047 Plant Operators	273,412	276,000	276,000	319,196	180,000
53048 Sludge Removal	49,014	54,000	54,000	37,800	42,000
53049 Permit Services	15,250	15,250	15,250	17,273	18,150
53050 Inspection Services	0	0	0	0	0
53051 Admin/Audit/Engineering Fees *	24,055	26,000	26,000	26,000	26,000
53053 Lift Station Maintenance	0	10,000	10,000	0	16,200
53054 General Maintenance & Repairs	107,225	100,000	100,000	0	225,000
53055 Miscellaneous	<u>92</u>	<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Total Operating Expenses	902,408	872,834	872,834	819,751	930,864
 Total Expenditures	 902,408	 872,834	 872,834	 819,751	 930,864
 Designation - O & M Reserve	 213,552	 218,208	 218,208	 218,208	 232,716
REVENUES OVER EXPENDITURES	133,874	4,657	4,657	4,656	14,508
BEGINNING BALANCE - JULY 1	79,678	213,551	213,552	213,552	218,208
ENDING BALANCE - JUNE 30	213,552	218,208	218,209	218,208	232,716

* \$10,000 engineering services, \$10,000 accounting administration, and \$6,000 for audit services in FY2013.

* \$10,000 engineering services, \$10,000 accounting administration, and \$6,000 for audit services in FY2014.

**SUMMARY OF REVENUES, EXPENDITURES AND
CHANGES IN FUND EQUITY
SOLID WASTE COLLECTIONS**

	FUND 580-55-560				
					Adopted
	FY 2012	FY 2013	FY 2013	FY 2013	FY 2014
	<u>Actual</u>	<u>Orig Budget</u>	<u>Budget</u>	<u>Estimate</u>	<u>Budget</u>
OPERATING REVENUES					
OTHER REVENUES					
49000 Interest Earnings	1,356	1,000	1,000	2,008	2,000
49104 Late Fees	4,560	4,800	4,800	3,975	4,000
49115 Solid Waste Subscribers	93,486	100,800	100,800	99,482	100,000
49116 Solid Waste Admin Fees	17,370	17,520	17,520	10,469	10,000
49117 Solid Waste MUD Pmts	2,397,314	2,513,200	2,513,200	2,692,620	2,700,000
49118 Recycling MUD Payments	<u>15,368</u>	<u>18,000</u>	<u>18,000</u>	<u>16,157</u>	<u>16,000</u>
Total Other Revenues	2,529,454	2,655,320	2,655,320	2,824,711	2,832,000
 Total Revenues and Resources	 2,529,454	 2,655,320	 2,655,320	 2,824,711	 2,832,000
OPERATING EXPENSES					
CONTRACTUAL SERVICES					
53019 Solid Waste Contract	2,389,908	2,440,000	2,440,000	2,592,440	2,600,000
53042 Solid Waste Admin Fee	<u>132,751</u>	<u>146,000</u>	<u>146,000</u>	<u>311,712</u>	<u>312,000</u>
Total Contractual Services	2,522,659	2,586,000	2,586,000	2,904,152	2,912,000
 TOTAL APPROPRIATIONS/ EXPENDITURES	 2,522,659	 2,586,000	 2,586,000	 2,904,152	 2,912,000
REVENUES OVER/(UNDER) EXPENDITURES	6,795	69,320	69,320	(79,441)	(80,000)
BEGINNING BALANCE JULY 1	180,877	93,115	187,672	187,672	108,231
FUND BALANCE JUNE 30	187,672	162,435	256,992	108,231	28,231

===== FY 2014 ANNUAL BUDGET =====

SUMMARY OF REVENUES, EXPENDITURES AND
CHANGES IN NET ASSETS
WATER/WASTEWATER UTILITY FUND

		FY 2012	FY 2013	FY 2013	FY 2013	FUND 505
		Actual	Orig. Budget	Budget	Estimate	FY 2014
						Budget
OPERATING REVENUE						
50-502	Hightower Wastewater Treatment					
	48111 Maintenance Services Charged	7,219	6,976	6,976	9,885	11,241
	Hightower Wastewater Treatment Total	7,219	6,976	6,976	9,885	11,241
50-504	NE Oyster Creek Service Area-Water Production					
	48120 Tap/Inspection Fees	60	0	0	20	0
	48121 Water Sales	12,885	14,200	14,200	12,200	12,700
	48122 Reconnect Fees	2,775	1,500	1,500	2,250	1,500
	48124 Deposits Forfeited	560	0	0	0	0
	48125 Customer Service Fees	0	500	500	360	350
	49401 Impact Fees	0	0	0	0	0
	NE Oyster Creek Service Area-Water Production Total	16,280	16,200	16,200	14,830	14,550
50-505	NE Oyster Creek Service Area-Wastewater Treatment					
	48115 Sewer Fees	10,433	10,700	10,700	11,500	11,960
	48118 Tex Comm Environ Quality	0	0	0	0	0
	NE Oyster Creek Service Area-Wastewater Treatment Total	10,433	10,700	10,700	11,500	11,960
50-506	Mustang Bayou Service Area-Water Production					
	48111 Maintenance Services Charged	149,880	0	0	415,000	465,000
	45006 Franchise Fees	0	0	0	0	0
	48120 Tap/Inspection Fees	36,650	37,500	37,500	47,400	37,500
	48121 Water Sales	329,841	343,200	343,200	347,700	361,600
	48122 Reconnect Fees	11,625	12,500	12,500	12,100	12,600
	48123 GRP Fees	118,145	120,000	120,000	118,400	123,100
	48125 Customer Service Fees	3,150	3,825	3,825	2,850	3,825
	48126 Late Charges	21,018	23,000	23,000	20,300	23,000
	48127 O & M Reserve Inc/(Dec)	61,656	0	0	6,188	0
	Mustang Bayou Service Area-Water Production Total	731,965	540,025	540,025	969,938	1,026,625
505-507	Mustang Bayou Service Area-Wastewater Treatment					
	48127 O & M Reserve Inc/(Dec)	69,443	(6,300)	(6,300)	4,058	48,403
	48111 Maintenance Service Charged	200,520	304,418	304,418	290,958	290,000
	48122 Reconnect Fees	0	0	0	0	0
	48115 Sewer Fees	283,589	283,650	283,650	286,900	298,370
	Mustang Bayou Service Area-Wastewater Treatment Total	553,552	581,768	581,768	581,916	636,773
	Total Operating Revenue	1,319,449	1,155,669	1,155,669	1,588,069	1,701,149
OPERATING EXPENSES						
50-502	Hightower Wastewater Treatment					
	53002 Insurance	181	212	212	139	161
	53047 Operator Fees	7,829	6,000	6,000	9,481	8,340
	53008 Telephone	45	64	64	265	240
	53053 Lift Station Maintenance	0	200	200	0	2,000
	53062 General Maintenance & Repairs	0	500	500	0	500
	Hightower Wastewater Treatment Total	8,055	6,976	6,976	9,885	11,241
50-504	NE Oyster Creek Service Area-Water Production					
	53002 Insurance	0	0	0	2	7
	75004 Machinery & Equipment	0	0	0	0	0
	NE Oyster Creek Service Area-Wastewater Treatment Total	18,770	0	0	2	7
50-505	NE Oyster Creek Service Area-Wastewater Treatment					
	53002 Insurance	202	237	237	156	190
	53008 Telephone	0	0	0	0	648
	53037 Electric Utilities	258	0	0	230	1,380
	53041 Water Utilities	372	250	250	186	216
	53047 Operator Fees	2,570	2,700	2,700	1,780	1,500
	53053 Lift Station Maintenance	892	1,000	1,000	901	1,000
	53062 General Maintenance & Repairs	2,546	2,000	2,000	0	2,000
	54036 Depreciation	268,992	0	0	0	0
	75004 Machinery & Equipment	0	0	0	0	0
	NE Oyster Creek Service Area-Wastewater Treatment Total	275,832	6,187	6,187	3,253	6,934

===== CITY OF MISSOURI CITY =====

===== FY 2014 ANNUAL BUDGET =====

**SUMMARY OF REVENUES, EXPENDITURES AND
CHANGES IN NET ASSETS
WATER/WATEWATER UTILITY FUND**

		FY 2012	FY 2013	FY 2013	FY 2013	FUND 505
		<u>Actual</u>	<u>Orig. Budget</u>	<u>Budget</u>	<u>Estimate</u>	<u>FY 2014</u>
						<u>Budget</u>
50-506	Mustang Bayou Service Area-Water Production					
	53002 Insurance	1,808	3,124	3,124	1,929	2,716
	53004 Special Services & Legal	0	0	0	11,938	0
	53008 Telephone	1,960	2,100	2,100	1,343	1,410
	53018 Bank Fees	47	0	0	0	0
	53037 Electric Utilities	51,446	31,845	31,845	66,200	68,186
	53047 Operator Fees	133,056	106,800	106,800	251,357	106,800
	53049 Permit Services	1,392	1,392	1,392	3,828	3,760
	53054 General Maintenance & Repairs	4,262	0	0	0	160,000
	53055 Miscellaneous	710	0	0	126	1,000
	53063 GRP Pumpage Fees	225,892	377,000	377,000	327,000	356,000
	54035 Deprectiation	0	0	0	0	0
	54037 Subcontractors/Material	2,851			3,000	3,200
	90008 Op Trf to Fund 301	<u>292,131</u>	<u>309,970</u>	<u>309,970</u>	<u>309,970</u>	<u>315,472</u>
	Mustang Bayou Service Area-Water Production Total	<u>715,555</u>	<u>832,231</u>	<u>832,231</u>	<u>976,691</u>	<u>1,018,544</u>
50-507	Mustang Bayou Service Area-Wastewater Treatment					
	53002 Insurance	3,079	6,214	6,214	3,604	6,274
	53008 Telephone	2,069	1,956	1,956	3,400	3,540
	53018 Bank Fees	0	0	0	0	0
	53037 Electric Utilities	106,822	109,506	109,506	107,890	111,105
	53041 Water Utilities	15,076	0	0	0	0
	53047 Operator Fees	137,851	108,000	108,000	372,000	108,000
	53048 Sludge Removal	42,355	35,000	35,000	60,000	63,000
	53049 Permit Services	4,017	4,018	4,018	4,610	4,600
	53050 Inspection Services	17,913	24,084	24,084	0	0
	53053 Lift Station Maintenance	0	0	0	0	13,800
	53055 Miscellaneous	1,816	0	0	0	0
	53061 Garbage Utilities	1,320	1,440	1,440	1,440	1,440
	53062 General Maintenance & Repairs	9,729	5,000	5,000	0	260,000
	53068 Laboratory Testing	0	0	0	0	2,000
	54035 Deprectiation	0	0	0	0	0
	54037 Subcontractors/Material	9,095	9,600	9,600	8,800	9,600
	90008 Op Trf to Fund 301	<u>17,993</u>	<u>19,314</u>	<u>19,314</u>	<u>19,314</u>	<u>20,548</u>
	Mustang Bayou Service Area-Wastewater Treatment Total	<u>369,135</u>	<u>324,132</u>	<u>324,132</u>	<u>581,058</u>	<u>603,907</u>
	Total Operating Expenses	<u>1,387,347</u>	<u>1,169,526</u>	<u>1,169,526</u>	<u>1,570,889</u>	<u>1,640,633</u>
	OPERATING INCOME	<u>(67,898)</u>	<u>(13,857)</u>	<u>(13,857)</u>	<u>17,180</u>	<u>60,516</u>
NON-OPERATING REVENUE/(EXPENSES)						
50-500	49000 Interest Income	6,261	10,000	10,000	4,500	10,000
50-500	53055 Miscellaneous	(81)	0	0	0	0
50-506	54052 Missouri City Share O&M Reserve-Water	(24,186)	0	0	(31,150)	0
50-507	54052 Missouri City Share O&M Reserve-WW	<u>(24,348)</u>	<u>0</u>	<u>0</u>	<u>(36,243)</u>	<u>0</u>
	Total Non-Operating Revenue/(Expenses)	<u>(42,354)</u>	<u>10,000</u>	<u>10,000</u>	<u>(62,893)</u>	<u>10,000</u>
	NET INCOME	<u>(110,252)</u>	<u>(3,857)</u>	<u>(3,857)</u>	<u>(45,713)</u>	<u>70,516</u>
00-000	29975 Designation - O & M Reserve	174,547	76,204	76,204	178,605	227,008
	Total Net Cash Equivalents - Beginning	500,868	779,483	565,163	565,163	698,055
	Total Net Cash Equivalents - Ending	565,163	851,830	637,510	698,055	995,579

===== CITY OF MISSOURI CITY =====

===== **FY 2014 ANNUAL BUDGET** =====

**SUMMARY OF REVENUES, EXPENDITURES AND
CHANGES IN NET ASSETS
SURFACE WATER UTILITY FUND**

	FUND 540-53-530				
	<u>FY 2012 Actual</u>	<u>FY 2013 Orig. Budget</u>	<u>FY 2013 Budget</u>	<u>FY 2013 Estimate</u>	<u>FY 2014 Budget</u>
OPERATING REVENUE					
48110 GRP Pumpage Fees	7,315,810	6,496,948	6,496,948	5,198,738	5,880,000
48121 Water Sales	0	<u>3,156,552</u>	<u>3,156,552</u>	<u>2,133,700</u>	<u>2,244,000</u>
Total Operating Revenue	7,315,810	9,653,500	9,653,500	7,332,438	8,124,000
OPERATING EXPENSES					
COMMODITIES					
52004 Minor Tools & Equipment	0	0	0	0	65,000
52057 Purchase of Water	653,488	672,127	899,374	899,374	926,355
52073 Chemicals	0	<u>700,000</u>	<u>700,000</u>	<u>213,100</u>	<u>450,000</u>
Total Commodities	653,488	1,372,127	1,599,374	1,112,474	1,441,355
CONTRACTUAL SERVICES					
53002 Insurance	20,767	89,716	89,716	48,239	34,500
53004 Special Services & Legal	244,530	156,000	193,815	108,975	191,000
53008 Telephone	517	0	4,800	4,800	5,200
53032 Garbage Collection	0	0	0	1,532	1,800
53037 Electric Utilities	0	300,000	300,000	123,760	198,000
53043 Water Wise Credit Reimbursements	653,488	0	0	0	0
53047 Plant Operators	167,904	350,000	350,000	691,014	410,000
53048 Sludge Removal	958	95,000	95,000	13,700	31,200
53049 Permit Services	76,470	76,370	76,370	118,250	125,000
53054 General Maintenance & Repairs	0	100,000	100,000	18,720	245,000
53055 Miscellaneous	1,122	655,102	423,055	4,460	0
53065 Laboratory Testing	0	0	0	0	18,000
53068 Landscaping Service	0	0	0	0	<u>42,000</u>
Total Contractual Services	1,165,756	1,822,188	1,632,756	1,133,450	1,301,700
OTHER					
54037 Subcontractors & Materials	26,420	18,000	18,000	27,021	225,000
54040 Organizational Cost Reimb.	<u>4,050</u>	0	0	0	0
Total Other	30,470	18,000	18,000	27,021	225,000
Total Operating Expenses	1,849,714	3,212,315	3,250,130	2,272,945	2,968,055
OPERATING INCOME	5,466,096	6,441,185	6,403,370	5,059,493	5,155,945
NON-OPERATING REVENUE					
48209 Bond Premium	0	0	0	0	0
48303 Contribution-Non Cash	300	0	0	0	0
49000 Interest Income	70,822	97,320	97,320	51,000	55,000
49121 Miscellaneous Reimbursement	0	0	0	<u>8,422</u>	0
Total Non-Operating Revenue	71,122	97,320	97,320	59,422	55,000
NON-OPERATING EXPENSES					
54013 Reserve for Contingency	0	79,947	79,947	0	0
62013 2009B Cert of Obligation Principal	1,150,000	1,200,000	1,200,000	1,200,000	1,220,000
63012 2009B Cert of Obligation Interest	2,158,150	2,112,150	2,112,150	2,112,150	2,088,150
65001 Paying Agent Fees	500	500	500	500	500
65002 Issuance Expense	4,804	0	0	0	0
90001 Transfer to Fund 101	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>210,749</u>	<u>269,011</u>
Total Non-Operating Expenses	3,463,454	3,542,597	3,542,597	3,523,399	3,577,661
NON-OPERATING INCOME	(3,392,332)	(3,445,277)	(3,445,277)	(3,463,977)	(3,522,661)
NET INCOME	2,073,764	2,995,908	2,958,093	1,595,516	1,633,284
Total Net Cash Equivalents - Beginning	1,638,237	4,370,785	3,712,001	3,712,001	5,307,517
Total Net Cash Equivalents - Ending	3,712,001	7,366,693	6,670,094	5,307,517	6,940,801

===== **CITY OF MISSOURI CITY** =====